



February 13, 2019

Co-chair Carlo Leone
Co-chair Roland Lemar
Senator Henri Martin
Representative Laura Devlin

Transportation Committee:

We are submitting testimony in **opposition to SB 419 An Act Prohibiting Gasoline Zone Pricing.**

The Connecticut energy Marketers Association (CEMA) represents 576 petroleum marketers and their associated business in Connecticut. ICMA members employ over 13,000 people in our state and provide over 1,000 convenience stores with gasoline.

The price differential that exists between gas stations within towns and from county to county is undeniable, but it is not a bad thing. Price variation is healthy for the market place and is the result of different operating costs and different competitive circumstances. If a motorist does not like the price of gasoline all they have to do is drive to another location to find a price that is agreeable to them.

According to the Federal Trade Commission (FTC) and a Quinnipiac University study, the result of banning zone pricing would have the effect of raising the average price of gasoline in Connecticut.

Property taxes, insurance, and labor (to name a few) can vary dramatically from town to town. Banning zone pricing does not change the cost to operate gasoline stations, but it would take away the flexibility to respond to changes in the market place to the detriment of consumers and small businesses.

Real estate, legal services, milk, clothing, etc. all cost more in southwest Connecticut than many other parts of the state because they reflect the different factors that go into doing business there, and gasoline is no different.

The only way to truly create uniform prices throughout the state would be to require the 1,400 registered gasoline retailers to join the 2 electricity utilities and

3 natural gas utilities and be regulated by the Public Utility Regulatory Authority (PURA).

In a regulated environment, opposed to the free market place, PURA could set gasoline prices, instead of costs and competition determining what consumers pay for gas. Gasoline retailers could make rate cases where all of their costs are considered and a guaranteed rate of return is established. Under the current system, prices are not uniform because costs and competitive factors vary and profits are not guaranteed.

If the desired outcome of this bill is for motorists to pay the same price for gasoline no matter the circumstances, then banning zone pricing will not accomplish that goal. Uniform prices are only attainable in a regulated environment where the government sets the price of fuel. And just as a reminder - we pay the highest electric rates in America so that system is not working out too well.

The Connecticut General Assembly has been rejecting legislation that would do ban zone pricing for over 20 years and we urge this legislature to do the same.

We ask that the Transportation Committee **oppose SB 419** and allow the competitive marketplace to work.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Christian A. Herb', with a stylized flourish extending to the right.

Christian A. Herb
Vice President